



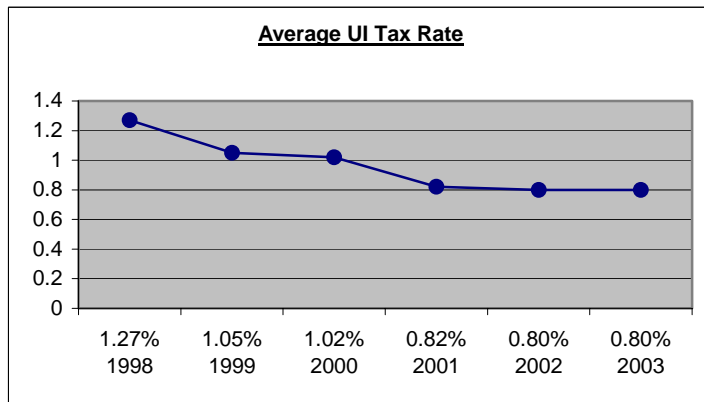
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
UNEMPLOYMENT INSURANCE EMPLOYER NEWSLETTER – JANUARY 2003**

2003 TAX RATES STEADY

Despite continuing high levels of unemployment, Arizona's unemployment tax rates for 2003 will remain steady for most employers. The average tax rate for Arizona employers is 0.8% of annual taxable payrolls.

Arizona's average rate is substantially lower than the average 2002 national tax rate of 1.8%. The tax rate is self-adjusting and counter-cyclical, meaning that following periods of high unemployment, tax rates increase to replenish the fund. When the fund begins to return to the desired balance, rates begin decreasing again.

The 2003 tax rates for Arizona employers will range from 0.05% to 5.4%. On average, an Arizona employer will pay a minimum of \$56.00 annually for each employee. Arizona employers also enjoy the lowest tax base allowed by law of \$7,000, one of the lowest tax bases in the country. Forty states and the District of Columbia have a higher tax base than Arizona. The highest tax base in 2002 was \$29,300 in Hawaii.



AZUI.COM IS HERE!

Internet filing has arrived in Arizona!

Individuals filing unemployment **benefit claims** can now file their continuing weekly claims via the Internet at **www.azui.com**. Soon new claims will be accepted online. Later this year employers will be able to file their **unemployment tax returns** at the same web site address. By 2004, employers will also be able to register new businesses and changes of ownership online.

The benefits claims project is successful and the number of individuals using the Internet to file a claim for unemployment benefits is growing fast. The first weekly UI Internet claim was received on October 27, 2002. During the month of November, a total of 2,094 weekly UI claims were filed through the Internet. As of December 11, this figure increased to 3,467. The next phase in the Internet claims project will be available in early 2003, and will allow newly unemployed individuals to file their initial claims online. Online filing is proving to be quick, convenient and safe for unemployment benefit claimants.

COMING SOON . . .

Convenience and security will soon be extended to employers when the Employment Security Administration's online filing project for Unemployment Tax and Wage Reports is completed later this year.

All registered rated and reimbursable employers currently paying wages in Arizona will be eligible to file wage reports online. Certain changes to employers' accounts will also be accepted. Future enhancements to the Internet wage filing process will include online payment options and electronic funds transfers. After further development, employers will also be able to register a new business with DES or report when a business has been sold or transferred.

Watch for notification when online wage reporting becomes available this year!

DES is working hard to provide customers with a more effective and efficient method of conducting business. Internet filing options will provide quality services to workers and employers alike.

USE THE CORRECT TAX RATE

Unemployment Insurance Tax Rate Notices for the new year were mailed on January 3rd to all active employers operating and paying wages in Arizona. The Rate Notice provides the **UI Tax Rate** to be used in calculating, reporting and paying 2003 Unemployment Insurance taxes, as well as whether a business is liable for the **Job Training Tax**.

Each employer should receive the Rate Notice no later than mid-January. If your business does not receive a Rate Notice by then, please contact the Employer Experience Rating Unit at (602) 248-9101 extension 5501.

If you do not receive a Rate Notice, it may also be necessary to update your business account information on file with the Department. The Report of Changes form is available on the UI Tax website at: <http://www.de.state.az.us/esa/uitax/taxform.asp>.

The 2003 tax rate is also preprinted on the Tax and Wage Report blank form mailed to employers in March for the First Quarter reports due by April 30. Please take care to use the rate indicated in Line #4 when computing the amount of tax due on Line #3.

If your business uses a payroll or reporting software instead of the preprinted Report forms, you must reprogram the software with the correct tax rate as provided in the Rate Notice or on the preprinted Tax and Wage Report form. You must also program for the Job Training Tax (JTT) found on Line #7 of the form.

If you do not use the correct tax rate, your Reports will not be correct and your business will either overpay or underpay taxes due. **An underpayment of taxes can cost your business underpayment penalties, so be sure to use the correct rate.**

VOLUNTARY TAX PAYMENTS

Remember that it may be possible for you to lower your assigned Unemployment Insurance Tax Rate by making a Voluntary Tax Payment.

Included with the Rate Notice is an explanation about how to calculate the amount you can pay to improve your reserve ratio and thereby lower your tax rate. By comparing the voluntary payment amount with your potential reduction in taxes, you can determine if you will save money by making a voluntary payment.

A Voluntary Payment must be postmarked no later than January 31, 2003 in order to lower your rate for the current year.

NEW ADDRESS FOR THE EMPLOYMENT SECURITY ADMINISTRATION WEBSITE

Due to ongoing development, the DES Employment Security Administration website address is now: <http://www.de.state.az.us/esa/>.

Comprehensive employment-related services can be located through our website, including Job Service, UI Benefit and UI Tax information.

Equal Employment Opportunity Employer/Program

Under the Americans with Disabilities Act, the Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know your disability needs in advance if at all possible. Please contact your local Unemployment Insurance office.